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# Indiana Partnership News Flash

## Letter from the Director

Welcome to the July 2009 edition of the Indiana Long Term Care Partnership Newsletter. The Partnership office will be emailing a quarterly news update to individuals in our database. Our intent is to provide LTC professionals with updated information on issues and events in the LTC market on a national and state level.

I thought the July newsletter was going to be "light" with so much attention on national health care reform. However, it turns out that LTC is a hot issue in Washington and an integral part of the reform movement. This issue highlights two pieces of legislation directly impacting Partnership states and long term care consumers. Other bills have been introduced, but these two are particularly interesting.

The IDOI is very pleased to announce the appointment of Carol Cutter as Commissioner on June 22, 2009. Former Commissioner Jim Atterholt accepted a position with the Indiana Utility Regulatory Commission and Governor Daniels selected Carol to assume the Commissioner's position.

Indiana's Partnership program received national attention when Carol was asked to testify in Washington, D.C. on June 3<sup>rd</sup> for a hearing on S.B. 1177, Confidence in LTC Act of 2009. Log on to <http://aging.senate.gov/hearings.cfm> to listen to the hearing.

Our Consumer LTC Awareness Campaign is finally ready to launch! Governor Daniels is encouraging Hoosiers to plan for future health care needs. Many consumers are not aware that a long term care policy may be an option in their financial planning. Also, Hoosiers are fortunate because if a LTC policy is the right choice for them, they can purchase either a traditional policy or Partnership policy with two asset protection choices.

We welcome any comments or suggestions on LTC for Hoosiers.



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# Partnership Office Update

**Reciprocity** – Effective April 1, 2009, Indiana was approved to join the National Reciprocity Compact for Medicaid asset protection for states with Partnership LTC programs. Indiana Partnership policyholders who relocate to another state and apply for Medicaid services may be eligible to receive **dollar for dollar asset** protection.

To be eligible for Medicaid asset protection, (1) the policyholder must apply and qualify for Medicaid in that state, and (2) at the time the policyholder applies in that state, both Indiana and the other state must be members of the Reciprocity Compact or have a separate reciprocity agreement with each other. States can opt in and out of the Reciprocity Compact at any time so it is important to be aware that reciprocity applies **at the time the policyholder is applying for Medicaid**.

All Indiana Partnership policyholders regardless of when the policy was purchased are covered under the Reciprocity Compact Agreement. Indiana and Connecticut still have the separate reciprocity agreement with each other. Connecticut joined the Reciprocity Compact effective January 1, 2009.

Indiana Partnership policyholders applying to **Indiana Medicaid** could have either dollar for dollar or total asset protection depending on their policy provisions and amount of asset protection earned. Indiana code, IC 12-15-39.6-12, provides for continued eligibility for asset protection for purchasers in the event the IN Partnership Program is discontinued.

**Consumer LTC Awareness Campaign - It's Here!!** This campaign encourages consumers to plan for future health care needs. Agents who are certified to sell long term care (traditional **and** Partnership) policies in Indiana are eligible to participate. The Partnership Program has partnered with TARGETLEADS to bring interested consumers and agents together. California launched a similar program in 2006 which has been a huge success.

## HIGHLIGHTS

- Agents purchase leads by zip codes thru TARGETLEADS
- Leads are distributed and managed thru TL Lead Manager
- Letter from Governor Daniels will be mailed to lead
- Interested consumer will respond back to TARGETLEADS
- Duplicate mail or leads will not be sent
- Agent will contact respondent and discuss the right choices for their situation

Effective Monday, August 24, 2009, you can register for the program at <https://online.tlleadmanager2.com/ILTCIP/>

**LTC Guild** – Interested in discussing current LTC issues and learning about different services for LTC?? The **LTC Guild** is a group of professional LTC individuals who meet every 2 months for lunch and informal LTC discussions. It's a great opportunity to be current with LTC. The next meeting is October 2<sup>nd</sup> with a speaker from the Alzheimer's Association. Email Teresa Eagan at [teresa@ltcindiana.com](mailto:teresa@ltcindiana.com) for more information.

## NATIONAL NEWS

Long term care is included in the current debate on overall health care reform. Below is a synopsis on proposed legislation impacting the LTC industry.

**CLASS Act (Community Living Assistance Services & Supports Act)**, Section 191 of the Affordable Health Choices Act; Sponsored by Senator Ted Kennedy (D-MA) and Congressman Frank Pallone (D-NJ)

The Act establishes a national long term care insurance program, financed by voluntary premium payments collected through payroll withholding. The Department of Health and Human Services would manage the fund. Anyone who is 18 years old and actively working would be automatically enrolled in the program and contribute through payroll deductions. A worker could opt out of the program. Retirees and individuals that are not working over 18 years old can also pay into the program and receive benefits.

To qualify for benefits, an enrollee must 1) have contributed premiums for at least 5 years; 2) been actively working for at least 3 of those years; and 3) be unable to perform two activities of daily living (ADL's). Eligibility for benefits would be determined by state disability determination centers based on 2 cash benefit tiers. Tier 1 - \$50 per day benefit if unable to perform 2-3 ADL's or have a cognitive impairment; Tier 2 - \$100 per day benefit if unable to perform 4 or more ADL's or have a cognitive impairment. If an individual is eligible for CLASS Act benefits as well as long term care benefits under Medicaid, the CLASS Act benefits can be used to offset the costs to Medicaid. Initial proposed premiums are \$65 per month and would be indexed for inflation for future years.

A particular point of debate with the plan is cost viability and stability. The Congressional Budget Office (CBO) estimates that for the program to be self-sustaining the premiums would need to be significantly higher than the proposed \$65 monthly figure more in the range of \$100 to \$110 per month. The CBO estimate is similar to an analysis done by a private actuarial firm. The HHS Secretary would be able to reduce benefits or increase premiums to maintain program solvency.

Additional controversial elements of the Act include adverse selection because of voluntary participation, program stability with opt-in and opt-out provisions, inadequately covering long term care needs, and increased consumer confusion about the dynamics of LTC planning.

**Confidence in Long Term Care Insurance Act of 2009**, S. 1177, Sponsored by Senator Herb Kohl (D-WI), "To improve consumer protections for purchasers of long term care insurance, and for other purposes".

#### Section 101 – NAIC Market Survey

Requires the HHS Secretary to request NAIC to conduct a long term care market survey every 2 years (will be changed to 5 years). Reviews to include analysis of agents trained and training methods; premium rate increases requested, range, approved, denied; and policy sales information.

#### Section 102 – Model Disclosures and Definitions

Requests NAIC to develop in conjunction with State agencies model disclosures and consistent definitions in long term care policies, develop an inflation protection options form, and use standardized methodology for calculating inflation protection.

#### Section 103-LTC Insurance Compare

Requires the National Clearinghouse for Long-Term Care Information to establish an internet directory of LTC insurance information to assist consumers in comparing LTCI policies; State specific information about LTCI policies marketed in a state; links to state-specific Medicaid information; annual submission to HHS the functional criteria for the receipt of nursing home services under Medicaid.

#### Section 201 – Application of Medicaid Partnership Required Model Provisions to All Qualified Long-Term Care Insurance Contracts

Requires that all tax-qualified policies sold after the effective date of the bill have to comply with the provisions of the NAIC Model Act and Regulation as of October 2000.

#### Section 202 – Streamlined Process for Applying New or Updated Model Provisions

Requires the Secretary of Treasury and HHS, in consultation with NAIC, to review tax-qualified plan provisions, Partnership plan requirements, and NAIC model laws for possible revisions.

#### Section 301 – Biennial Reports on Impact of Medicaid Long Term Care Insurance Partnerships

Amends the DRA 2005 and appropriates \$1,000,000 for 2010-2012 for additional reporting on the impact of Partnership policies.

#### Section 302 – Additional Consumer Protections for Medicaid Partnerships

Imposes additional requirements on both new and original Partnership states. All Partnership states would have to meet most of the provisions of NAIC Model October 2006. Requires new Partnership states to meet the NAIC Model act agent training requirements and removes the original Partnership state exemption. Requires insurers to use marketing materials approved by the State in all sales and marketing activities of LTCI policies. Requires use of NAIC inflation protection comparison form.

Requires Partnership states to enact legislation by 1/1/2012 that establishes rate stabilization based on NAIC standards. *(Indiana strongly opposes this provision. We feel our detailed actuarial analysis of rate requests gives consumers better protection than the rate stabilization rules).*

State would be required to develop consumer materials that describe Medicaid LTC eligibility provisions, the scope of LTC services, and provide information to Partnership policyholders whenever there is a change in Medicaid LTC eligibility or benefit provisions.

The State must honor the asset protection of anyone who purchased a Partnership policy in that State even if in the future the State discontinues their Partnership. The State cannot limit the

amount of asset protection earned and a policyholder can earn additional asset protection after going onto Medicaid.

All Partnership states would be required to have reciprocity with each other. Requires that anyone who purchased a Partnership policy is guaranteed asset protection in any state that had reciprocity with the policyholder's state of purchase when they bought the policy.

#### Section 303 – Report to Congress Regarding Need for Minimum Annual Compound Inflation Protection

Requires the Secretary of HHS to report to Congress as to whether Partnership policies should require a minimum 5% compound inflation protection and whether the inflation protection requirement should be age based. Report should also include the various levels of inflation protection currently offered in Partnership policies and the methodologies used to calculate and present various options including guaranteed purchase options.

### **3 Bills Sponsored by Sen. Amy Klobuchar (D-MN)**

#### **Long Term Care Integrity Act, S. 1626,**

Creates an independent third-party review board to allow consumers to appeal LTC claims denied by their insurer.

#### **Long Term Care Insurance Consumer Right to Know Act, S. 1636**

Requires LTC insurers to provide consumers with a clear, one-page, uniform disclosure form when they buy a LTC policy.

#### **Americans Giving Care to Elders Act, S. 1604**

Grants family caregivers a tax credit for the costs of attending to an aging or ailing relative. The legislation would allow families to qualify for a tax credit up to \$1,200 per year for elder care. The tax credit would begin to phase out for families making over \$120,000 annually.

# Individual Spotlight

## Featured Member of the Month



**Carol Cutter**  
**Indiana Commissioner**  
**of Insurance**

Carol has spent more than 30 years in the insurance industry, with experience in both the Property/Casualty and Life/Health segments. She began her insurance career after attending Indiana University where she majored in English and Journalism. In the early years within the P&C segment, she worked for several agencies including Ramey-Mannan (now Rollins Burdick Hunter brokerage), the Daseke Agency, and the Fisk Landers agency, now a part of Gregory & Appel. Carol underwrote both personal and commercial lines of business and ultimately became an outside producer for the Cardinal Insurance Agency in Southport.

Her experience in the Life and Health segment began as the marketing director for an MET product marketed in 10 states. Carol was then appointed as marketing director for Colonial Life & Accident Insurance Company (a UNUM company) to hire and train agents, and to manage a sales office for worksite products. She successfully served in this capacity for many years during which time her office received numerous awards on both an individual and agency basis.

After leaving her manager position at Colonial, Carol began her own enrollment company providing benefit enrollment services for agents and brokers in employer groups for health, life, disability, and other supplemental plans. During that time she also sold and serviced her own block of small group and individual health customers.

In 2005, following Governor Daniels' appointment of Jim Atterholt as Commissioner of the Indiana Department of Insurance, Carol was asked to serve as Deputy Commissioner for Health Issues. In that role she oversaw the policy analysts that review and approve all accident & health product rate and form filings, and eliminated an 18 month backlog that existed when she accepted the position. In 2007, Commissioner Atterholt promoted Carol to Chief Deputy Commissioner for Health and Legislative Affairs. Her duties in this position include oversight of the policy analysts for all product lines including P&C, responsibility for the Indiana Long Term Care Partnership Program, supervision of the SHIP Director and that program that provides assistance to Medicare beneficiaries, served as the IDOI representative for Governor Daniels' HIP plan, and for several other Committees where the Department has a seat. In addition, she represents the agency in all legislative affairs with the Indiana General Assembly.

## Valuable Resource Information

As a LTC insurance professional, you can be an important resource for your clients and families. Below are helpful websites for long term care information.

A Place for Mom	<a href="http://www.aplaceformom.com">www.aplaceformom.com</a>
Areas on Aging	<a href="http://www.in.gov/fssa/da/3478.htm">www.in.gov/fssa/da/3478.htm</a>
CMS Caregiver Publication	<a href="http://www.medicare.gov/publications/pubs/pdf/11035.pdf">www.medicare.gov/publications/pubs/pdf/11035.pdf</a>
Indiana Dept. of Health	<a href="http://www.in.gov/isdh/23260.htm">www.in.gov/isdh/23260.htm</a>
Indiana Department of Insurance	<a href="http://www.in.gov/idoi">www.in.gov/idoi</a>
Indiana LTC Insurance (Partnership) Program	<a href="http://www.longtermcareinsurance.in.gov">www.longtermcareinsurance.in.gov</a>
IN LTC Ombudsman	<a href="http://www.in.gov/fssa/da3474.htm">www.in.gov/fssa/da3474.htm</a>
Partnership Expansion Map	<a href="http://www.dehpg.net/lhcpartnership/map.aspx">http://www.dehpg.net/lhcpartnership/map.aspx</a>
State Health Insurance Assistance Program (SHIP)	<a href="http://www.medicare.in.gov">www.medicare.in.gov</a>

